

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-408-C - ORDER NO. 2003-82
FEBRUARY 14, 2003

IN RE:	Application of Verizon South, Inc. and)	ORDER ESTABLISHING
	Verizon South Carolina for Revisions to its)	GENERIC PROCEEDING
	General Customer Services Tariff to Increase)	
	its Residential One Party and Business One)	
	Party Customer Rates.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of the Consumer Advocate for the State of South Carolina (the Consumer Advocate) for the establishment of a proceeding to define the term "inflation-based index" for purposes of local rate increases under S.C. Code Ann. Section 58-9-576 (Supp. 2002). For the reasons set forth herein, we hereby establish a generic proceeding accordingly.

The Consumer Advocate states that Verizon South and Verizon South Carolina (collectively, Verizon) have notified this Commission of their pending increase in basic local exchange telephone rates for residential one party and business one party customers. Verizon has operated under alternative regulation pursuant to S.C. Code Ann. Section 58-9-576 for two years, and is availing itself of the provision of that Code section that allows for adjustment of those rates "on an annual basis pursuant to an inflation-based index."

The Consumer Advocate further notes that the Commission has not defined or otherwise interpreted what "inflation-based index" means in the context of a local exchange carrier's operation under Section 58-9-576. The Consumer Advocate then

proceeds to explain his opinion that inflation alone must not be considered, and that a “productivity factor” may be appropriate. In addition, the Consumer Advocate states that this Commission also needs to determine the appropriate inflation index for all companies operating under Section 58-9-576, and not allowing each such company to develop its own index in a piecemeal fashion.

Upon consideration of this matter, we agree that a generic definition of “inflation-based index” for purposes of local rate increases under S.C. Code Ann. Section 58-9-576 (Supp. 2002) needs to be established to avoid piecemeal development of the definition of the concept. Further, for administrative purposes and in order to obtain the maximum amount of information on the topic, we hereby hold that the Consumer Advocate and all local exchange carriers presently operating under S.C. Code Ann. Section 58-9-576 (Supp. 2002) shall automatically be made parties to this new generic docket, without the necessity for their intervention. Of course, others persons or companies may subsequently intervene in the proceeding, pursuant to the notice of this proceeding that shall be published.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn
Chairman

ATTEST:


Gary E. Walsh
Executive Director

(SEAL)